



State Board of Equalization

# News Release

**Judy Chu, Vice Chair**

**4<sup>th</sup> District – Los Angeles**

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Executive Director  
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## **CHU HAILS SENTENCING FOR TRAFFICKING CONTRABAND CIGARETTES**

Board of Equalization (BOE) Vice-Chair Judy Chu announced today that Rene Khajha, who operated Country Home Tobacco in Monterey Park, has been sentenced to:

- Six months in federal prison
- 15 months in home confinement after the prison term
- Three years of supervised probation
- \$1,957,500 in restitution to the BOE with \$100,000 immediately payable

Stated Chu, “Enforcing criminal penalties sends a strong message that tax-dodging schemes will not be tolerated. The people of this state should not be robbed of tax dollars swept underground by criminal activity.”

During an undercover investigation led by the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), Khajha and his associates were found to have trafficked more than 45,000,000 contraband cigarettes on which Khajha failed to report and pay nearly \$2,000,000 in California cigarette tax from February 2002 to May 2002.

The case was prosecuted by the United States Attorney’s Office. Presiding was Judge Florence-Marie Cooper of the United States District Court, Central District of California. Khajha was arrested on April 9, 2003, and charged in a 15-count federal indictment with conspiracy to possess and transport contraband cigarettes and launder money. Under a plea agreement, Khajha plead guilty to one count of conspiracy and one count of money laundering on November 20, 2006.

The five-member Board of Equalization is a publicly elected tax board. The Board collects nearly \$53 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and plays a significant role in the assessment and administration of property taxes.

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